

Chapter 10 – Reserve Component Retirees

CONGRATULATIONS, you're retiring! All those years of service will now be paid back with extra benefits and programs.

A. Retirees Receive Care at VA Facilities

Retirees continue to be eligible for Department of Veterans Affairs (VA) medical care on a space-available basis. There are many limitations and eligibility requirements. VA medical care should not be relied on as your only source of health care.

B. TRICARE: Health Care for Reserve Retirees

Members of the Retired Reserves below age 60 – so called "gray area" retirees are not eligible for TRICARE health care benefits. However, gray area retirees are eligible for the TRICARE Retiree Dental Program, which is explained later.

Reserve Component (RC) retirees become eligible for TRICARE benefits when they reach age 60 and begin receiving retirement pay. TRICARE eligibility remains in force until age 65. Upon reaching age 65, TRICARE ends, and you become eligible for Medicare. For information on TRICARE, contact the Beneficiary Service Representative or Health Benefits Advisor at your nearest military treatment facility. You can learn more about TRICARE at <http://www.tricare.osd.mil>. Go to this website to find out more about TRICARE benefits for retirees age 65 and older.

C. Supplemental Health Insurance for Reserve Retirees

One short stay in the hospital could offset the cost of several years of supplement health insurance. Even though you are covered by TRICARE, a supplemental insurance policy is a good idea for retirees. Here's why:

- TRICARE does not cover all costs.
- TRICARE has a yearly deductible to be paid.
- TRICARE has a yearly cap on non-covered expenses; the cap is extremely high, and you are responsible for the cost of non-covered items up to that amount.

If you are covered by health insurance with your new employer, you may use TRICARE as your supplemental insurance for that policy. Check with your TRICARE advisor concerning your particular circumstances and those of your family.

The Supplemental Health Insurance Test

Private supplemental health insurance makes sense in a variety of situations?

- **Unemployed?** If you remain unemployed after retirement, you should ask yourself, "Do I have sufficient health insurance and coverage for me and my family?"
- **Under-insured?** After retirement, did you accept a job that does not provide full medical coverage for you or your family?
- **Not insured?** Do you rely on limited VA medical benefits as your only source of medical care?

If you answered **YES** to any of these questions, you should consider obtaining supplemental health insurance.

Shopping for Supplemental Health Insurance

There are many places to obtain supplemental health insurance. Several fraternal associations and many commercial insurance companies offer such plans, but you should look carefully for the one that is best for you and your family. Insurance plans vary greatly with which medical procedures are covered and the percentage the policy will pay.

When shopping for health insurance, first consider the benefits you may have as a retiree or veteran. Then purchase supplemental insurance. The trick is to find a supplemental insurance plan that covers all your anticipated needs without paying for benefits that duplicate what you already have.

There are five basic types of health insurance coverage:

- **Hospital expense insurance** pays for hospital bills either in part or in full. Watch out for policies that do not pay for the first 8 to 10 days of a hospital stays (the average hospital stay is fewer than 8 days).
- **Surgical expense insurance** covers surgeon fees. Beware -- for major surgeries, all of the fees may not be covered. Read the policy carefully before you sign it.
- **Medical expense insurance** covers doctor's visits in the hospital, in the doctor's office or house calls.
- **Major medical insurance** pays practically every form of hospital and outpatient care as long as a licensed physician provides the care. Most people choose major medical because it is so comprehensive. However, the payments for this type of coverage are high.
- **Disability insurance pays** a percentage of your normal income if a disability prevents you from doing your job.

When looking at your health insurance coverage, take a moment to review your insurance on your automobile, personal property, real estate, and loan payments. Insurers sometimes offer discounts to customers who purchase several types of insurance from the same company.

D. Retiree Disability Compensation Programs

Military retirees who have service connected disabilities are eligible for disability compensation. The type and amount of disability compensation eligibility is based on several factors including the nature of the service-connected disability and the nature of your retirement. You may qualify for more than one program, however you may not receive benefits from more than one program at a time. The following will help you to determine which of these benefits you qualify for and which best suit your needs.

Veteran Disability Compensation

If you are a military retiree with a service-related disability you may qualify for monthly benefit payments. These benefits are paid to retirees who are disabled by an injury or disease that occurred while on active duty, active duty for training, or was made worse by active military service.

As a military retiree you may be required to waive a portion of your military retirement to receive these tax-free benefits. This reduction in military retirement pay is commonly referred to as a VA disability offset. Certain disabled military retirees may be eligible for one of the following programs that restore some or all of the VA disability offset.

Concurrent Retirement and Disability Pay (CRDP)

Concurrent Retirement and Disability Pay (CRDP) is a program that provides certain military retirees a monthly restoration of some or all of their VA disability offset. Qualified military retirees are those with 20 or more years of service who have a service-connected disability of 50% or more. When the CRDP

program is fully implemented such members will no longer have their military retirement pay reduced by the amount of their VA disability compensation.

Unlike the Combat Related Special Compensation (CRSC), CRDP is being phased-in (except for those retirees that have a VA rated, service-connected disability rating of 100%). The program began in 2004 and the phase-in will be complete in 2014. The phase-in is progressive. In 2007, the restoration of the offset pay was approximately 50%, by 2009 it will be nearly 85% complete.

You are eligible for CRDP if you meet the following criteria:

- You must be a Military Retiree with 20 or more years of service, including:
 - Chapter 61 Medical Retirees with 20 years or more.
 - National Guard and Reserve with 20 or more - good years. (After drawing a retirement check at age 60)
 - Temporary Early Retirement Authority (TERA) Retirees with less than 20 years of service are also eligible.
- Have a Service Related VA disability rating of 50% or higher.

Your CRDP payment is a restoration of retired pay. It is taxed and, if applicable, subject to collection actions for alimony, child support, community property, garnishment and government debt just as your retired pay.

Your monthly CRDP amount cannot exceed the lesser of your monthly gross retired pay or VA waiver amount. If you are a disability retiree whose retired pay is calculated using a percentage of disability rather than your years of service, your CRDP cannot exceed the amount your gross retired pay would currently be had it been calculated at retirement using your years of service

Fortunately you do not need to apply, CRDP is automatic. If you qualify you will automatically see an increase in your monthly retirement check.

Additional information is also available at the Defense Finance and Accounting Service (DFAS) web site: <http://www.dfas.mil/retiredpay.html> or the Office of the Secretary of Defense for Personnel Readiness web site: <http://www.defenselink.mil/prhome/mppveterans.html>

As noted above, your personal CRDP payment rate is determined by several factors. If you have questions you can contact the DFAS by calling toll free 1-800-321-1080 to learn about your personal CRDP payment rate.

Combat Related Special Compensation (CRSC)

Combat-Related Special Compensation (CRSC) provides military retirees a monthly compensation that replaces their VA disability offset. Qualified military retirees are those with 20 or more years of service who have "combat related" VA-rated disability. Such members are now entitled to a payment that makes up for their military retirement pay being reduced by the amount of their VA disability compensation.

Combat Related Special Compensation includes disabilities incurred as a direct result of:

- Armed Conflict
- Hazardous Duty
- Conditions Simulating War
- An Instrumentality of War

Unlike Concurrent Retirement and Disability Pay (CRDP), CRSC has no phase-in period. Once a military retiree has been determined to be qualified they will receive their reduced retirement pay plus an additional sum that makes up for part or all of their offset retired pay.

Your CRSC payment is based on percentage of your disability that your Service determines to have been combat related as described above. This percentage may be less than your overall VA disability rating, and consequently the CRSC payment may be less than your offset retired pay.

Your CRSC payment is not a restoration of retired pay. It is a special entitlement payment and is not taxed.

Your monthly CRSC amount cannot exceed the lesser of your monthly gross retired pay or VA waiver amount. If you are a disability retiree whose retired pay is calculated using a percentage of disability rather than your years of service, your CRSC cannot exceed the amount your gross retired pay would currently be had it been calculated at retirement using your years of service

Unlike CRDP, CRSC is not automatic; you will need to apply to your military Service. If you qualify your Service will advise you of your status.

Your eligibility is determined by several factors. To learn more about the specific eligibility criteria and how to apply, visit one of the following websites:

AIR FORCE CRSC

United States Air Force
Disability Division (CRSC)
550 C Street West Ste 6
Randolph AFB TX 78150-4708
Phone: 1-800-616-3775
Website: <http://www.afpc.randolph.af.mil>

ARMY CRSC

Department of the Army
U.S. Army Physical Disabilities Agency/
Combat Related Special Compensation (CRSC)
200 Stovall Street
Alexandria, VA 22332
Phone: 1-866-281-3254
Email: crsc.info@us.army.mil
Website: <http://www.CRSC.army.mil>

COAST GUARD CRSC

Commander (adm-1-CRSC)
U.S. Coast Guard
Personnel Command
4200 Wilson Boulevard
Arlington, VA 22203-1804
1-800-772-8274
Website: <http://www.uscg.mil/hq/cgpc/adm/adm1.htm>

NAVY and MARINE CORPS CRSC

Secretary of the Navy Council of Review Boards
Attn: Combat-Related Special Compensation Branch
720 Kennon Street SE, Suite 309
Washington Navy Yard, DC 20374
Website: <http://www.hq.navy.mil/ncpb/CRSCB/combatrelated.htm>

Additional information is also available at the Defense Finance and Accounting Service (DFAS) web site: <http://www.dfas.mil/retiredpay.html> or the Office of the Secretary of Defense for Personnel Readiness web site: <http://www.defenselink.mil/prhome/mppveterans.html>.

E. Survivor Benefit Plan Provides for Your Family Members

The Survivor Benefit Plan (SBP) is designed to provide on-going income for your spouse and minor children should you die before them. Videos on pre-retirement planning and the Survivor Benefit Plan may be available for viewing at home. Check with the closest military installation Transition/ACAP Office or Family Center. Also, check with your Unit Personnel Officer.

The Survivor Benefit Plan can be very confusing. You and your spouse will need to learn as much as possible before making your final decision. In addition, your spouse's signature is required on the form. The Defense Finance and Accounting Service (DFAS) is a great resource to help you learn more about the cost and benefits of SBP. Visit <http://www.dod.mil/dfas/retirepay/survivorbenefits.html> to learn more.

The retiree identification card allows retirees to continue their commissary and exchange privileges – among others –without restrictions. Be sure you have one issued as soon as you change your status.

F. Legal Assistance

Reserve Component retirees over age 60 can get legal assistance on most personal legal matters such as wills, powers-of-attorney, filing federal and state income taxes, and reviewing contracts. Keep in mind; active duty Service members have priority for legal assistance. Retirees residing overseas may have restrictions on privileges based upon Status of Forces Agreements.